



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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Fifth District

REVISED

October 19, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS:
MARTIN LUTHER KING, JR. MEDICAL CENTER REPLACEMENT PROJECT
INPATIENT TOWER RENOVATION AND
MULTI-SERVICE AMBULATORY CARE CENTER/ANCILLARY PROJECTS
APPROVE VARIOUS ACTIONS
SPECS. 7055 AND 7056; C.P. NOS. 88945 AND 70947
(SECOND DISTRICT) (3 VOTES)**

SUBJECT

This action is to approve shifting the Ancillary Building scope of work between projects, approve revised project budgets, authorize a Local Worker Hiring Program, authorize a Small Business Enterprise program, and authorize negotiation of a Project Labor Agreement.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve shifting the Ancillary Building component of the Martin Luther King, Jr. Medical Center Replacement Project from the Multi-Service Ambulatory Care Center/Ancillary Project (Capital Project No. 70947) to the Inpatient Tower Renovation Project (Capital Project No. 88945), and approve revised project budgets.

"To Enrich Lives Through Effective And Caring Service"

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2. Approve the implementation of a Local Worker Hiring Program for the Inpatient Tower Renovation and Multi-Service Ambulatory Care Center/Ancillary Projects, and find that the program furthers a legitimate public interest for the reasons stated in this letter, in the completed Factual Predicate Study, and in the project files.
3. Approve the implementation of a Small Business Enterprise Program for the Inpatient Tower Renovation and Multi-Service Ambulatory Care Center/Ancillary Projects, and find that the program furthers a legitimate public interest.
4. Authorize the Chief Executive Officer, the County Counsel, and the Director of Public Works to negotiate with representatives of the various building trades the terms of a Project Labor Agreement for the Multi-Service Ambulatory Care Center/Ancillary Project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will: 1) shift the Ancillary Building scope of work to the Inpatient Tower Renovation (IPT) Project from the Multi-Service Ambulatory Care Center/Ancillary (MACC) Project and revise the project budgets; 2) authorize implementation of a Local Worker Hiring Program (LWHP) for the IPT and MACC Projects; 3) authorize implementation of a Small Business Enterprise (SBE) Program for the IPT and MACC Projects; and 4) authorize negotiation of a Project Labor Agreement for the MACC Project.

Background

On August 18, 2009, your Board established Capital Project (C.P.) No. 88945 for the IPT, and C.P. No 70947 for the MACC Project at MLK Medical Center, and on November 3, 2009, authorized the Department of Public Works (Public Works) to proceed with the design of the two projects.

Shifting of the Ancillary Building Scope of Work

When the two Capital Project numbers were established, included within the scope of the MACC Project, was the construction of a new Ancillary Building. The functions proposed to be housed within this new approximately 20,000 square-foot building have been revised several times during the design process as we have sought to optimize the design to enhance operations of the new hospital and to manage construction cost. On July 1, 2010, we informed your Board that because of State licensing requirements, the Ancillary Building must now be built to Office of Statewide Health Planning and Development standards instead of typical office building standards under the jurisdiction of County Building and Safety. In addition to the change of jurisdiction, as the design

has progressed, it has become apparent that it would facilitate construction if this building were built as part of the contract for the IPT rather than the MACC. Therefore, it is recommended that this scope of work be shifted from the MACC Project (C.P. No. 70947) to the IPT Project (C.P. No. 88945).

It is recommended that the budget of the MACC Project (C.P. 70947) decrease by \$20,180,000, and the budget of the IPT Project (C.P. No. 88945) increase by \$20,180,000. There is no net ~~change~~ increase in the aggregate cost of the two projects based on this change as it is merely shifting existing scope between the two projects. Also, on August 18, 2009, your Board found the IPT Project categorically exempt from the California Environmental Quality Act (CEQA) and directed the Chief Executive Office to develop an Environmental Impact Report (EIR) for the MACC project, including the Ancillary Building. Based on the proposed shift in scope, we will return to your Board to seek approval of the EIR prior to the award of the design-build contract for the IPT Project.

Local Worker Hiring Program

On December 8, 2009, your Board approved a program to employ local workers on Job Order Contracts (JOC) managed by Public Works. That program included an aspirational goal that 40 percent of construction labor hours be worked by qualified workers residing within a 15-mile radius of the work site of any given project location. This excluded any construction labor performed by workers residing in states other than California. This program was intended to not discriminate against or give preference to any particular group based on race, color, gender, sexual orientation, age, or disability, but to give work opportunities to qualified local residents recognizing various legitimate public interests.

It is proposed that to implement a similar, but mandatory, LWHP ~~be implemented~~ for the IPT and MACC Projects. The proposed program includes the following key elements and is described in more detail in Attachment B:

- Mandatory requirement that a minimum of 30 percent of the construction labor hours performed by California residents be worked by qualified "local residents";
- "Local residency" is defined with a two tier system - first preference is given to qualified workers residing within the County in zip codes within a five-mile radius of the Medical Center; and second preference is given to qualified workers residing within the County in any zip code having an unemployment rate in excess of 150 percent of unemployment rate for the County as a whole. Thus, the contractor must first attempt to satisfy the requirement from the local area of "first preference" (zip codes within the five-mile radius of the project), and failing that, the contractor may draw from area of "second preference" (zip codes where the unemployment rate is 150 percent of the County average);

- One third of the local worker hours or 10 percent of the total work hours performed by California residents are also subject to the requirement that the individuals performing the work meet one or more of the following criteria as a "Disadvantaged Worker": no high school diploma or General Education Diploma (GED), history of incarceration, protracted unemployment, a current recipient of social services benefits, homeless, or a single parent.
- The definition of construction labor hours excludes any work performed by workers residing in states other than California.

In addition to being patterned after the program approved for the County's job order contracting program, the LWHP is substantially similar to programs currently included in major construction programs underway with the Los Angeles Unified School District, Los Angeles Community College District, City of Los Angeles, and Metropolitan Transportation Authority (including its related construction authorizations). Most of these organizations have elected to implement their hiring programs through a Project Labor Agreement.

As a basis for implementing this program with a mandatory minimum threshold, a Factual Predicate Study was prepared by MGT America Consultants and is attached for your consideration (Attachment C). The study reviewed an extensive amount of data and determined that there are areas of the County with high concentrations of disparity such as excessive rates of unemployment, poverty, home foreclosures, etc. These findings are consistent with your Board's action in December 2009, in which the entire County was designated an economic recovery zone. Following a detailed review of this data, it was seen that the area surrounding the hospital consistently showed concentrations of these patterns of high unemployment and other social and economic disadvantage. Also, there are other areas of the County that have similar concentrations. Most often, areas with excessive rates of unemployment tend to generally coincide with concentrations of poverty, a lack of education, homelessness, and other social problems. The recommended two tier system is also supported by data and conclusions set forth in the Factual Predicate Study. In addition to addressing issues of social and economic disadvantage, employing workers who reside in the area around the hospital has the positive advantage of reducing traffic, and minimizing environmental impacts.

Following are some of the findings of the Factual Predicate Study:

- In 2009, the County of Los Angeles had the highest rate of unemployment for any county in the United States with a labor force greater than one million workers.
- The poverty rate is higher and the per capita income is lower in the five-mile radius around the Medical Center.

- The County of Los Angeles spends almost a third of its public assistance spending in the five-mile radius around the Medical Center.
- The County of Los Angeles has either the largest or one of the largest populations of Disadvantaged Individuals in the metropolitan statistical area in all categories of Disadvantaged that were considered.
- There is evidence of a significant concentration of Disadvantaged Individuals in the areas covered by the proposed LWHP.

Small Business Enterprise Program

When your Board established the Local Business Enterprise Preference Program, Chapter 2.204 of the County Code in 2002, it was based on a finding that "it is essential that opportunities be provided for full participation in our free enterprise system by small business enterprises," and that "it is the policy of the Board that the County should aid and assist, to the maximum extent possible, the interests of local small business concerns in order to preserve free competitive enterprise and to ensure that a fair proportion of the total purchases and contracts or subcontracts for purchase of goods or services for the County be placed with such enterprises." (Ord. 2002-0057 § 1 (part), 2002).

In support of this policy, it is proposed to include as part of the IPT and MACC Projects an SBE program that contains the following elements and is more fully described in Attachment D:

- A scored criteria will be included amongst the selection criteria for the IPT and MACC design-build contracts that assigns points in proportion to the total contract value that is proposed to be contracted with certified SBEs;
- The qualifying SBEs would have to have had their principal office located in the County of Los Angeles for at least one-year in accordance with Section 2.204.030 of the County Code; and
- The selected design-builder will have to demonstrate actual SBE participation of at least the level proposed over the duration of the project or will be subject to imposition of liquidated damages.

A similar Small Business Outreach program has been successfully implemented by the Los Angeles Unified School District as part of their school construction program.

Project Labor Agreement

A PLA is an agreement negotiated between a project owner, which may be a public agency, and the various building trade unions that is typically used to establish uniform labor relations policies and procedures for a construction project. The terms and conditions of the PLA often differ from what is otherwise provided for through

established collective bargaining agreements. Traditionally, owners have sought to enter into PLAs as a means of avoiding strikes, lockouts, and other labor disputes that could potentially disrupt important projects. More recently, many owners are also using PLAs as a mechanism through which to implement community work force development programs, which may include target goals or requirements related to hiring the local work force. A PLA can be a means by which to ensure that project work can be prioritized for targeted local workers. Other provisions typically relate to: standardized work rules for a project, which may include safety and substance abuse policies; dispute resolution procedures to be utilized in the event that labor relations issues or disputes occur; and policies and procedures for compliance with prevailing wage law and providing employees with bona fide fringe benefits. A PLA for the MACC project would potentially include these elements, among others. After an owner and the building trades agree to a PLA, the contractor selected to work on a project and its subcontractors become bound to the terms of the PLA for purposes of implementing the project.

Recently, PLAs have been used by other local agencies as part of major construction programs including: the City of Los Angeles, Exposition Light Rail Construction Authority, Los Angeles Unified School District, the Los Angeles Community College District, and Metropolitan Water District of Southern California.

The process for entering into a PLA will include the following three phases: 1) develop negotiating strategy; 2) negotiate terms with the building trades, and draft agreement; and 3) obtain approval by building trades and the Board of Supervisors.

We anticipate that the process will take approximately 4 months, and we would return to your Board to seek approval of the agreement in March 2011. Because the PLA must be completed prior to receiving construction bids, it is not feasible to include it in the IPT project. The existing MLK MACC will continue to provide patient care throughout construction, and therefore postponing the bid period for the MACC project to accommodate the PLA process will not impact the provision of public services.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we provide Service Excellence (Goal 1), Fiscal Responsibility (Goal 4), and Children and Families' Well-Being (Goal 5), by investing in public health infrastructure to enhance the safety of the patients and staff, and by increasing job opportunities for high risk youth, adults, and low to moderate income residents.

FISCAL IMPACT/FINANCING

Approval of this action will increase the budget of the IPT Project (Capital Project 88945) from \$208,500,000 to \$228,680,000, and decrease the budget of the MACC Project (Capital Project 70947) from \$145,300,000 to \$125,120,000. The combined cost for both projects remains unchanged at an estimated total of \$353,800,000. The projects are currently funded with tax-exempt commercial paper, but will ultimately be financed through the issuance of long-term bonds. The Project Schedule and Budget Summaries are included in the Attachment A.

The revised project budgets are based on the estimated construction cost of the Ancillary Building. We will return to your Board to award the design-build agreement for the IPT Project in early 2011, and we may recommend further realignment of the project budgets based on the actual ~~construction~~ design-build contract amount.

Recommendations on the par amount of each bond type to be issued will be based on market conditions and discussions with the Treasurer and Tax Collector and presented to your Board for approval prior to implementation of the financing.

Studies indicate that LWHPs and PLAs could improve productivity and/or job training opportunities for at-risk youth and disadvantaged workers. Published industry studies also indicate that PLAs have the potential to enhance the efficiency of delivery of construction and reduce delays and cost overruns. This could result in significant direct and indirect cost savings. We estimate preliminarily that the steps to implement the PLA could extend the MACC schedule by approximately four months, and could increase the project cost by approximately \$1 million. When we return to your Board for consideration of the PLA, scheduled for March 2011, the CEO will include a recommendation of how to fund any increased project cost. We will seek your approval of a revised project schedule and budget at that time, if necessary.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The LWHP is patterned after the program approved by your Board on December 8, 2009, for the County's JOC program and is also similar to programs underway with local agencies. Public Works is gaining experience in implementing this effort and anticipates reporting back to your Board in the near future the results of this program.

The attached Factual Predicate Study provides a rational basis for approval of the LWHP and includes statistical evidence of concentrations of unemployment and social and economic disadvantage in the areas benefitting from the LWHP.

The SBE program is consistent with the local Business Enterprise Preference Program established by your Board in 2002.

Neither the LWHP nor the SBE program is intended to discriminate against or give preference to any particular group based on race, color, gender, sexual orientation, age or disability.

County Counsel will review and approve the PLA as to form prior to our returning to your Board to consider the agreement.

ENVIRONMENTAL DOCUMENTATION

On August 18, 2009, your Board found the IPT Project is categorically exempt from the CEQA, and directed that an EIR be prepared for the MACC Project. We will return to your Board for approval of the EIR prior to award of the design-build contract for the MACC Project, and for the IPT Project if your Board approves shifting the Ancillary Building scope of work to the IPT Project as part of this action.

CONTRACTING PROCESS

In this action, your Board is being asked to ~~shift~~ transfer the scope of the Ancillary Building from the MACC Project to the IPT Project; and approve LWHP and SBE programs.

On July 1, 2010, we informed your Board that the IPT Project would be constructed using design-build rather than design-bid-build. We have completed prequalification design-builders for the IPT Project and established a shortlist of prequalified firms including McCarthy, ~~Pankow~~ Hensel Phelps, and Swinerton. After receipt of design-build proposals, we will return to your Board with a recommendation to award the design-build contract for the IPT Project scheduled for ~~January~~ February 2011.

One of the initial three initial prequalified firms withdrew, resulting in the fourth ranked bidder moving into the third prequalified firm slot. In consultation with County Counsel, we delayed the process 2 additional weeks to accommodate the replacement bidder.

Likewise, we have completed prequalification of design-builders for the MACC Project and established a shortlist of prequalified firms, including Clark, Hensel Phelps, and McCarthy. After Following approval of the PLA, and receipt of design-build proposals, we will return to your Board with a recommendation to award the design-build contract for the MACC Project scheduled for ~~April~~ August 2011.

Because the County has not previously been a party to a PLA, we plan to utilize in consultant resources to advise and assist us in negotiating and crafting the terms of the agreement. Public Works will use its existing as-needed construction management services contract with Parsons for this purpose since Parsons is recognized as an industry leader in negotiating and managing PLAs. Also, County Counsel may contract with outside counsel to assist in preparing and reviewing the agreement.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no negative impact on current County services or projects during the performance of the recommended services.

The MACC and the Augustus F. Hawkins Inpatient Psychiatric Building will remain fully operational during construction. Public Works and its consultants have worked with the Department of Health Services to develop construction staging and phasing plans that minimize impact to operations during construction.

CONCLUSION

Please return one adopted copy of this letter to the Chief Executive Office, Capital Projects Division; Department of Health Services; and Public Works, Project Management Division I.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:GF:SK
DJT:SW:mc

Attachments (4)

c: Executive Office, Board of Supervisors
County Counsel
Health Services
Public Works

ATTACHMENT A

**DEPARTMENT OF PUBLIC WORKS:
MARTIN LUTHER KING, JR. MEDICAL CENTER REPLACEMENT PROJECT
INPATIENT TOWER RENOVATION AND
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APPROVE VARIOUS ACTIONS
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I. PROJECT SCHEDULE

Project Activity		Board Approved Completion Dates <u>07/06/10-09/21/10</u>	Revised Completion Dates
Environmental Impact Report	10/31/2010	01/15/2011	
C.P. 88945			
MAKE-READY			
Programming		09/18/2009	09/18/2009
Design		04/29/2010	04/29/2010
Jurisdictional Agency Approval		07/27/2010	07/27/2010
Construction Bid and Award (JOC)		08/19/2010	08/19/2010
Construction			
Substantial Completion	11/01/2010	11/01/2011	
Acceptance	12/16/2010	12/01/2011	
INPATIENT TOWER RENOVATION AND SUPPORT SPACE			
Programming		09/18/2009	09/18/2009
Design		03/31/2011	03/31/2011
Jurisdictional Agency Approval		06/31/2011	06/31/2011
Award Design-build	06/31/2011	03/01/2011	
Construction			
Substantial Completion	12/31/2012	01/15/2013	
Acceptance	05/28/2013	05/28/2013	
Building Occupancy	06/30/2013	06/30/2013	
C.P. 70947			
NEW MACC/ANCILLARY AND SUPPORT SPACE			
Programming	09/18/2009	09/18/2009	
Scoping Design	07/31/2010	10/13/2010	
Award Design-Build	01/31/2011	03/29/2011	
Jurisdictional Agency Approval	By Design Builder	By Design Builder	
Construction Bid and Award (D-B)	N/A	N/A	
Construction *			
Substantial Completion	04/30/2013	06/23/2013	
Acceptance	10/30/2013	12/23/2013	
Building Occupancy	01/30/2014	03/23/2014	

*Project completion could be delayed an additional two months beyond the dates reflected below.

I. PROJECT BUDGET SUMMARY INPATIENT TOWER RENOVATION AND MAKE-READY (C.P. 88945)

Budget Category	Previously Approved Budget	Impact of this Action	Current Project Budget
Land Acquisition	\$ 0	\$ 0	\$ 0
Construction			
Low Bid Construction Contract	\$137,600,000	\$15,200,000	\$152,800,000
Job Order Contract	8,300,000	0	8,300,000
Change Orders	21,200,000	1,520,000	22,720,000
Departmental Crafts	0	0	0
Construction Consultants	0	0	0
Telecomm Equip - Affixed to Building	0	0	0
Civic Arts	0	0	0
Subtotal	\$167,100,000	\$16,720,000	\$183,820,000
Programming/ Development	\$ 0	\$ 0	\$ 0
Plans and Specifications			
Architect/Engineer Fee	\$ 15,628,000	\$ 0	\$ 15,628,000
Design Contingency	1,500,000	1,400,000	2,900,000
Subtotal	\$ 17,128,000	\$ 1,400,000	\$ 18,528,000
Consultant Services			
Site Planning	\$ 0	\$ 0	\$ 0
Hazardous Materials	150,000	10,000	160,000
Geotech/Soils Report and Soils Testing	200,000	15,000	215,000
Material Testing	550,000	40,000	590,000
Cost Estimating	0	0	0
Inspection Services	1,500,000	200,000	1,700,000
Topographic Surveys	0	0	0
Construction Management	5,650,000	590,000	6,240,000
Document and Project Controls	3,000,000	205,000	3,205,000
Labor/Outreach/Local Worker Hiring Program	500,000	35,000	535,000
Environmental	0	0	0
Move Management (Move Manager Only)	200,000	15,000	215,000
Equipment Planning	0	0	0
Contract/Change Order	0	0	0
Subtotal	\$ 11,750,000	\$ 1,110,000	\$ 12,860,000
Miscellaneous Expenditures	\$ 300,000	\$ 0	\$ 300,000
Jurisdictional Review/Plan Check/Permit	\$ 2,900,000	\$ 200,000	\$ 3,100,000
County Services			
Code Compliance Inspection	\$ 250,000	\$ 15,000	\$ 265,000
Quality Control Inspection	0	0	0
Design Review	200,000	15,000	215,000
Design Services	0	0	0
Contract Administration	500,000	35,000	535,000
Project Management	2,800,000	300,000	3,100,000
Project Management Support Services	2,672,000	180,000	2,852,000
ISD Job Order Contract Management	0	0	0
DPW Job Order Contract Management	200,000	15,000	215,000
ISD ITS Communications	1,100,000	75,000	1,175,000
Project Technical Support	1,400,000	100,000	1,500,000
Office of Affirmative Action	200,000	15,000	215,000
County Counsel	0	0	0
Other – GMED	0	0	0
Other - Contract Management – LWHP	0	0	0
Subtotal	\$ 9,322,000	\$ 750,000	\$ 10,072,000
TOTAL	\$208,500,000	\$20,180,000	\$228,680,000

III. NEW MACC/ANCILLARY (C.P. 70947)

Budget Category	Previously Approved Budget	Impact of this Action	Current Project Budget
Land Acquisition	\$ 0	\$ 0	\$ 0
Construction			
Design-Build Construction Contract	\$110,200,00	\$ (15,200,00)	\$ 95,000,000
Job Order Contract	1,000,000	0	1,000,000
Change Orders	10,300,000	(1,520,000)	8,780,000
Departmental Crafts	0	0	0
Construction Consultants	0	0	0
Telecomm Equip - Affixed to Building	0	0	0
Civic Arts	1,000,000	0	1,000,000
Subtotal	\$122,500,00	\$(16,720,000)	\$105,780,000
Programming/ Development	\$ 0	\$ 0	\$ 0
Plans and Specifications			
Architect/Engineer Fee	\$ 3,322,000	\$ 0	\$ 3,322,000
Design Contingency	1,178,000	(420,000)	758,000
Subtotal	\$ 4,500,000	\$ (420,000)	\$ 4,080,000
Consultant Services			
Site Planning	\$ 0	\$ 0	\$ 0
Hazardous Materials	150,000	(15,000)	135,000
Geotech/Soils Report and Soils Testing	200,000	(30,000)	170,000
Material Testing	1,000,000	(150,000)	850,000
Cost Estimating	0	0	0
Inspection Services	500,000	(75,000)	425,000
Topographic Surveys	0	0	0
Construction Management	4,350,000	(855,000)	3,495,000
Document and Project Controls	2,000,000	(300,000)	1,700,000
Labor/Outreach/Local Worker Hiring Program	500,000	(75,000)	425,000
Environmental	700,000	(100,000)	600,000
Move Management (Move Manager Only)	0	0	0
Equipment Planning	0	0	0
Contract/Change Order	0	0	0
Subtotal	\$ 9,400,000	\$ (1,600,000)	\$ 7,800,000
Miscellaneous Expenditures	\$ 250,000	\$ (40,000)	\$ 210,000
Jurisdictional Review/Plan Check/Permit	\$ 600,000	\$ (100,000)	\$ 500,000
County Services			
Code Compliance Inspection	\$ 1,000,000	\$ (150,000)	\$ 850,000
Quality Control Inspection	0	0	0
Design Review	200,000	(30,000)	170,000
Design Services	0	0	0
Contract Administration	300,000	0	300,000
Project Management	2,500,000	(430,000)	2,070,000
Project Management Support Services	2,000,000	(400,000)	1,600,000
ISD Job Order Contract Management	0	0	0
DPW Job Order Contract Management	100,000	(15,000)	85,000
ISD ITS Communications	700,000	(100,000)	600,000
Project Technical Support	1,100,000	(150,000)	950,000
Office of Affirmative Action	150,000	(25,000)	125,000
County Counsel	0	0	0
Other - GMED	0	0	0
Other - Contract Management - LWHP	0	0	0
Subtotal	\$ 8,050,000	\$ (1,300,000)	\$ 6,750,000
TOTAL	\$145,300,000	\$ (20,180,000)	\$125,120,000

October 19, 2010

ATTACHMENT B

**DEPARTMENT OF PUBLIC WORKS:
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**LOCAL WORKER HIRING PROGRAM
(See Attachment)**

September 21, 2010

ENCLOSURE B

**DEPARTMENT OF PUBLIC WORKS:
MARTIN LUTHER KING, JR. MEDICAL CENTER REPLACEMENT PROJECT
INPATIENT TOWER RENOVATION AND
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LOCAL WORKER HIRING PROGRAM

A mandatory Local Worker Hiring Program (LWHP) is proposed for the Inpatient Tower Renovation Project (IPT) and Multi-Service Ambulatory Care Center/Ancillary Project (MACC) that consists of the following elements:

REQUIREMENT

The Design-Builder and its subcontractors are required to hire qualified "local residents" to at a minimum meet the following local worker hiring mandates:

- Local Workers shall perform at least 30% of the total construction labor hours; and
- Disadvantaged Local Workers shall perform at least 10% of total construction labor hours. These hours are part of the 30% Local Worker requirement.

RESIDENCY PREFERENCE AREAS

Local residency is defined with a two-tier system: Primary preference is given to qualified workers who reside within a five-mile radius of the project. Contractors are required to first attempt to meet the 30% Local Worker participation requirement by employing qualified workers with residency in these zip codes:

90001	90002	90003	90011	90044	90047	90058	90059	90061	90201
90220	90221	90222	90241	90242	90247	90248	90249	90250	90255
90262	90270	90280	90303	90305	90504	90723	90746	90805	x

Secondary preference is given to qualified local workers who reside in the following zip codes in the County of Los Angeles where the unemployment rate exceeds 150% of the County's average unemployment rate:

90004	90005	90006	90007	90008	90012	90013	90014	90015	90016
90017	90018	90019	90020	90021	90022	90023	90024	90025	90026
90027	90028	90029	90031	90032	90033	90037	90038	90040	90042
90043	90045	90049	90057	90062	90063	90065	90071	90073	90095
90230	90301	90302	90303	90304	90401	90404	90602	90605	90606
90638	90639	90640	90650	90670	90706	90710	90712	90731	90744
90745	90802	90804	90806	90810	90813	90814	90815	90840	91042
91103	91104	91204	91304	91306	91324	91325	91330	91331	91335
91342	91343	91351	91352	91401	91402	91405	91406	91601	91602
91605	91606	91702	91706	91711	91731	91732	91733	91744	91745
91746	91748	91754	91766	91767	91768	91770	91789	93534	93535
93536	93543	93550	93552	93591	X	X	X	X	X

DISADVANTAGED LOCAL WORKER

The Factual Predicate Study illustrates the socio-economic conditions in the County and lays the foundation to support not only the LWHP, but also the mandate that one-third of the local worker hours or 10 percent of the total work hours be performed by local residents who are a "Disadvantaged Worker". Qualified local workers who live in poverty, have no high school diploma or GED, possess a history of incarceration, experienced protracted unemployment, are a current recipient of social services benefits, are homeless, or are a single parent are considered a "Disadvantaged Local Worker" for the purpose of the LWHP.

ACCOUNTABILITY & REPORTING

Prior to commencing work, the Design-Builder is required to submit a Manpower Utilization Plan to the County that contains the manpower plan and schedule for the hiring of qualified Local Workers and Disadvantaged Local Workers. To monitor compliance with the Manpower Utilization Plan, the Design-Builder is required to submit a local hire status report twice a month. If the Design-Builder fails to meet the local worker hiring requirement as forecasted in the plan, the County will issue a formal corrective action notice.

October 19, 2010

ATTACHMENT C

**DEPARTMENT OF PUBLIC WORKS:
MARTIN LUTHER KING, JR. MEDICAL CENTER REPLACEMENT PROJECT
INPATIENT TOWER RENOVATION AND
MULTI-SERVICE AMBULATORY CARE CENTER/ANCILLARY PROJECTS
APPROVE VARIOUS ACTIONS
SPECS. 7055 AND 7056; C.P. NOS. 88945 AND 70947**

**FACTUAL PREDICATE STUDY
(See Attachment)**

**COUNTY OF LOS ANGELES
MARTIN LUTHER KING, JR.
MEDICAL CENTER
REPLACEMENT PROJECT
LOCAL WORKER HIRING PROGRAM
FACTUAL PREDICATE**

FINAL REPORT



Presented by:



SEPTEMBER 7, 2010

TABLE OF CONTENTS

- Executive Summary
- Introduction
- Overview of Local Worker Hiring Programs
- Overview of Los Angeles County Unemployment
- Selection of Target Areas for Local Worker Hiring Program
- Hiring Disadvantaged Individuals
- Social Benefits of A Local Worker Hiring Program
- References
- Appendices

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The purpose of this report is to ascertain whether there is a basis in the evidence (a factual predicate) for a local worker hiring program by Los Angeles County for the Martin Luther King, Jr. Medical Center (Medical Center) Replacement Project.

EXECUTIVE SUMMARY

Proposed Local Worker Hiring Program

- That at least 30% of the total hours worked on the Medical Center Replacement Project shall be completed by individuals who reside within:
 - ▶ first preference, in a ZIP code within a five-mile distance of the project,
 - ▶ second preference, in ZIP codes of Los Angeles County where the unemployment rate exceeds 150% of the County average; and
- That a certain component of the total local worker hours would be set aside for “Disadvantaged Workers” defined as: individuals with criminal records, educational deficits, poverty or other indices of career-limiting circumstances.

EXECUTIVE SUMMARY

Finding: Unemployment

- The unemployment rate in Los Angeles County was 12.1 percent in May 2010.
- Unemployment rate for Los Angeles in 2010 was nearly triple what it was in 2007.
- In 2009 Los Angeles County had the highest rate of unemployment for any county in the U.S. with a labor force in excess of 1 million.
- Los Angeles County in May 2010 had 30 cities/census-designated places (CDPs) with unemployment in excess of 150 percent of the national unemployment rate.
- Los Angeles County had the lowest overall job creation in the Los Angeles metropolitan area over the past 12 months.
- Los Angeles County had the next to the lowest level of job creation in construction in the Los Angeles metropolitan area over the past 12 months.

EXECUTIVE SUMMARY

Finding: Data Supporting the Selected Target Areas

- The poverty rate for families is higher and per capita income is lower in the selected high unemployment ZIP codes (hereinafter, “selected ZIP codes”) than in the County as a whole. The differences in poverty rate and per capita income are even greater between the 5-mile radius of the Medical Center and Los Angeles County as a whole.
- Over 55.3 percent of foreclosures in Los Angeles County are in the selected ZIP codes.
- Los Angeles County spends almost a third of its public assistance funds on the communities within the 5-mile radius around the Medical Center, and nearly 90 percent of its public assistance spending in the selected ZIP codes.

EXECUTIVE SUMMARY

Finding: Data Supporting the Selected Target Areas

- Of the ZIP codes within a 5-mile radius of the Medical Center, 76 percent had 30 percent or more of their residents receiving Earned Income Tax Credits (a measure of the working poor), as compared with 29.2 percent of the selected ZIP codes, and 14.3 percent of the ZIP codes in the County as a whole.
- Most of the 5-mile radius of the Medical Center is a federally designated distressed community.

EXECUTIVE SUMMARY

Finding: Data Supporting the Selected Target Areas (Continued)

- Contractors have become accustomed to the use of ZIP codes in the other local worker hiring programs in Los Angeles County. The selected ZIP codes that are located in the City of Los Angeles are substantially similar to the ZIP codes selected for City of Los Angeles local hiring programs in the past.

Finding: Recruitment Firms for Selected Areas

- There are over a dozen firms that have been qualified to provide construction jobs coordination to other local worker hiring programs.

EXECUTIVE SUMMARY

Finding: Disadvantaged Workers

- Los Angeles County has a large population of disadvantaged, using the definition of disadvantaged in most local worker hiring programs.
- Los Angeles County has either the largest, or one of the largest, populations of disadvantaged individuals in the Los Angeles Metropolitan Statistical Area (MSA) in all categories of the disadvantaged that were considered.
- There is evidence of concentration of the disadvantaged in areas covered by the proposed local worker hiring program.
- There has been a positive experience in including the disadvantaged worker category in local worker hiring programs.

EXECUTIVE SUMMARY

Finding: Social Benefits of A Local Worker Hiring Program

- For FY 2009-10, Los Angeles County expenditures for workforce investment, substance abuse, ex-felons, and long-term unemployed programs are estimated to be approximately \$311.5 million.
- The concentration of foreclosures within the selected ZIP codes, County spending on foreclosure prevention, and the connection between unemployment and foreclosures, provides another rational basis for targeting hiring within the selected ZIP codes.

EXECUTIVE SUMMARY

Finding: Social Benefits of A Local Worker Hiring Program

- The injection of construction spending has a “ripple” (multiplier) effect on the Los Angeles economy. Because of this ripple effect, each \$1 million of additional construction spending creates 14 additional jobs.
- Reducing commuting is long standing social policy nationally and in Los Angeles County. The economic and social benefits of reduced commuting are well established in the literature.
- One estimate finds the direct and indirect driver costs of commuting = \$1.35 per vehicle mile; costs which include noise pollution, air pollution, congestion and greenhouse gases.

EXECUTIVE SUMMARY

Conclusions

There is ample evidence presented in this report to support the finding that addressing concentrated long term unemployment is a legitimate interest of Los Angeles County government. The evidence presented in this report also supports the finding of a rational basis for limiting the hiring of a portion of the workforce for the Medical Center Replacement Project to: (1) individuals residing in ZIP codes within a 5-mile radius around the Medical Center and selected high unemployment ZIP codes, and (2) disadvantaged individuals living in Los Angeles County.

INTRODUCTION

INTRODUCTION

In April 2010, MGT of America, Inc. (MGT) was retained to conduct a Local Worker Hiring Factual Predicate Study for the Martin Luther King, Jr. Medical Center (Medical Center) Replacement Project.

The purpose of this report is to ascertain whether there is a factual predicate for a local worker hiring program by the County of Los Angeles for the renovation of the Medical Center. The report assembles data to determine if there is a rational basis for limiting the hiring of a portion of the construction workforce for the Medical Center Replacement Project to certain areas of Los Angeles County.

The report uses the most recent available data and presents data from 2006 to May 2010.

INTRODUCTION

REPORT ORGANIZATION

- Overview Of Local Worker Hiring Programs
- Overview Of Los Angeles County Unemployment
- Selection of Target Areas for Local Worker Hiring Program
- Hiring Disadvantaged Individuals
- Social Benefits Local of Worker Hiring Program

OVERVIEW OF LOCAL WORKER HIRING PROGRAMS

OVERVIEW OF LOCAL WORKER HIRING PROGRAMS

PROPOSED LOCAL WORKER HIRING GOALS

- That at least 30% of the total hours worked on the Medical Center Replacement Project shall be completed by individuals who reside within:
 - ▶ first preference, in a ZIP code within a five-mile distance of the project,
 - ▶ second preference, in ZIP codes of Los Angeles County where the unemployment rate exceeds 150% of the County average; and
- That a certain component of the total local worker hours would be set aside for “Disadvantaged Workers” defined as: individuals with criminal records, educational deficits, poverty or other indices of career-limiting circumstances.

OVERVIEW OF LOCAL WORKER HIRING PROGRAMS

EXISTING LOCAL WORKER HIRING GOALS IN LOS ANGELES COUNTY

Exhibit 1: Existing Local Worker Hiring Goals

Project Name/Agency	Local Hiring Goal (Percent)
LA County (JOC)	*40% of Construction Worker Hrs/Work Order
LACCD	* 30% of the skilled trade positions including apprentices to be local resident (on Bond Projects) * 10% or 1/3 rd of 30% of the local residents hired shall be at-risk individuals
Alameda Corridor/ACTA	* Hire 30% of construction work hours performed on the project * Train 1,000 residents for construction related jobs
Eastside Rail (MTA)	* 30% of construction hours to workers who live in Eastside Project Community (EPC)

OVERVIEW OF LOCAL WORKER HIRING PROGRAMS

EXISTING LOCAL WORKER HIRING GOALS IN LOS ANGELES COUNTY

Exhibit 1 (Continued): Existing Local Worker Hiring Goals

Project Name/Agency	Local Hiring Goal (Percent)
Grand Ave (CRA)	<ul style="list-style-type: none"> * 30% of constr. workforce to consist of Local Residents * 10% of constr. Workforce to consist of At-Risk Individuals, living in Community Employment Area * Local Apprenticeship Goal: at least 50% of apprentice work hours, will consist of Local Residents. Apprenticeship hours may be counted toward the overall local hiring goal
Los Angeles Unified School District	<ul style="list-style-type: none"> *50% local district resident hiring requirement , including core workforce, per project, per craft *Local residency is defined by the LAUSD district boundaries (700 sq miles)

Source: LA County Department of Public Works.

OVERVIEW OF LOCAL WORKER HIRING PROGRAMS

EXISTING LOCAL AREA DEFINITIONS

Exhibit 2: Existing Local Area Definitions	
Project Name/Agency	Local Area Definition
LA County (JOC)	ZIP code within 15-mile radius of the work site
LACCD	Local residency to be determined by ZIP codes listed in PLA Attachment (Campus Community ZIP Codes)
Alameda Corridor/ACTA	<ul style="list-style-type: none"> * 30 ZIP codes completely within the corridor * 24 ZIP codes partially within the corridor * Non-Trades training * Car Loan Program
Eastside Rail (MTA)	Eastside Project Community (EPC)-means the municipalities, unincorporated areas of Los Angeles County and communities which adjoin the Eastside Project as depicted on the maps provided in, and identified by a list of ZIP codes

OVERVIEW OF LOCAL WORKER HIRING PROGRAMS

EXISTING LOCAL AREA DEFINITIONS

Exhibit 2 (Continued): Existing Local Area Definitions

Project Name/Agency	Local Area Definition
Grand Ave (CRA)	All areas within 5 miles of the Project
Los Angeles Unified School District	Area within the boundaries of the school district

Source: LA County Department of Public Works.

OVERVIEW OF LOCAL WORKER HIRING PROGRAMS

OTHER FIRST SOURCE HIRING PROGRAMS

Exhibit 3: Other Hiring Programs

Program	Description
East Palo Alto CA First Source Hiring Policy	30% of work hours for East Palo Alto residents
Oakland, CA Local Employment Referral Program	50% of work hours for Oakland residents
Berkeley, CA First Source Program	Job openings are reported first to First Source Program before Workforce Investment Board. Also covers business located in the project that was built
Jersey City, NJ Tax Abatement Agreements	Developers that receive tax abatements and their commercial tenants are required to make employment opportunities available to Jersey City residents One full time staff monitors employment compliance

OVERVIEW OF LOCAL WORKER HIRING PROGRAMS

OTHER FIRST SOURCE HIRING PROGRAMS

Exhibit 3 (Continued): Other Hiring Programs

Program	Description
Hartford, CT, First Source Ordinance	40 % of trade hours must go to city residents 20% of workers must be apprentices, 50% of apprentices must be city residents Permanent workforce must be 50% residents
Portland Development Commission First Source Agreements	Must sign a First Source agreement: make info on “covered jobs” (entry-level) available only on JobNet, consider hiring from JobNet referrals, provide summaries of its hiring quarterly
Bexar County, TX Tax Abatement Agreements	Hiring 25 percent of positions created with County residents and 25 percent economically disadvantaged or dislocated individuals

Source: Agency websites for City of East Palo Alto, CA; City of Oakland, CA; City of Berkeley, CA; City of Jersey City, NJ; City of Hartford, CT; Portland Development Commission, OR; Bexar County, TX.

OVERVIEW OF LOCAL WORKER HIRING PROGRAMS

CONCLUSIONS

- There are numerous local worker hiring programs in Los Angeles County and around the nation.
- Los Angeles County is interested in developing a program that is consistent with existing local worker hiring programs for the administrative ease of the contractors.
- Los Angeles County is proposing to take the core features of the existing local worker hiring programs: 30% goal on hours for workers from target areas and 10% for local disadvantaged workers.

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

- The unemployment rate in May 2010 was:
 - ▶ Los Angeles County--12.1 percent
 - ▶ California--11.9 percent
 - ▶ United States--9.7 percent
- Los Angeles County had a 0.9 percent net 12-month increase in the unemployment rate as of May 2010

(Source: Bureau of Labor Statistics, figures not seasonally adjusted)

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

Unemployment rate for Los Angeles in 2010 was nearly triple what it was in 2007.

Exhibit 5: Los Angeles County Unemployment Rate, 2007 Thru 2010

	2007	2008	2009	2010
Los Angeles County	4.5%	6.7%	11.2%	12.1%

Source: Bureau of Labor Statistics (figures not seasonally adjusted)

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

By national standards Los Angeles had very high unemployment. In 2009, Los Angeles County had the highest rate of unemployment for any county in the U.S. with a labor force in excess of 1 million.

Exhibit 4: 2009 Ranking of US. Counties with Population Greater Than 1 Million, By Unemployment Rate, 2009

U.S. County	Unemployment Rate
Los Angeles County, CA	11.6
Miami-Dade County, FL	10.7
Cook County, IL	10.3
Kings County, NY	10.1
San Diego County, CA	9.7
Orange County, CA	9.0
Queens County, NY	8.6
Maricopa County, AZ	8.3
Dallas County, TX	8.2
King County, WA	8.1
Harris County, TX	7.6

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics (figures not seasonally adjusted).

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

In May 2010, Los Angeles County had 30 cities/census-designated places (CDPs) with an unemployment rate in excess of 150 percent of the national unemployment rate of 9.7 percent.

Exhibit 6: Cities in LA County with Unemployment >150%.

CITY/CDP	RATE	CITY/CDP	RATE
Florence Graham CDP	23.8%	East Los Angeles CDP	17.0%
Westmont CDP	23.7%	City of Lancaster	17.0%
City of Commerce	22.5%	City of Cudahy	16.8%
East Compton CDP	21.6%	Desert View Highlands CDP	16.5%
City of Industry	21.5%	Valinda CDP	16.5%
City of Compton	20.4%	Lennox CDP	16.1%
Willowbrook CDP	19.9%	City of Bell	16.0%
West Compton CDP	19.6%	Walnut Park CDP	15.9%
City of Bell Gardens	19.1%	City of Hawthorne	15.7%
City of Lynwood	19.0%	City of South El Monte	15.4%
City of Huntington Park	18.0%	City of South Gate	15.4%
Lake Los Angeles CDP	18.0%	City of Baldwin Park	15.1%
Littlerock CDP	17.7%	City of Inglewood	15.1%
City of Paramount	17.6%	El Monte	14.9%
City of Maywood	17.5%	South San Jose Hills CDP	14.9%

Source: Bureau of Labor Statistics (figures not seasonally adjusted).

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

Los Angeles County had the lowest overall job creation in the Los Angeles Metropolitan Statistical Area (MSA) over the past 12 months.

Exhibit 7: Job Creation, Los Angeles MSA, 2009-Q1 & 3 Prior Quarters

	Los Angeles	Ventura	Orange	Riverside	San Bernardino
Job Creation	191,619	16,423	67,004	27,941	27,416
As Percent of Total Employment	4.4%	5.6%	4.4%	4.9%	4.5%

Source: Quarterly Workforce Indicators (QWI) Census Bureau.

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

New hires in Los Angeles County fell 34.7 percent from the second quarter of 2006 through the second quarter of 2009.

Exhibit 8: New Hires, Los Angeles County, 2d QTR 2006 Thru 2d QTR 2009

	2006	2007	2008	2009
New Hires	724,864	760,369	654,483	473,468

Source: Quarterly Workforce Indicators (QWI) Census Bureau.

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

In construction, Los Angeles County had the second lowest level of job creation in the Los Angeles MSA, over the past 12 months.

Exhibit 9: Job Creation, Construction, Los Angeles MSA, 2009-Q1 & 3 Prior Quarters

	Los Angeles	Ventura	Orange	Riverside	San Bernardino
Job Creation in Construction	9,560	1,170	5,539	3,483	2,501
As Percent of Total Employment	6.8%	7.7%	6.4%	7.1%	7.4%

Source: Quarterly Workforce Indicators (QWI) Census Bureau.

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

- Total employment in construction in Los Angeles County fell 24.1 percent from the second quarter of 2006 through the second quarter of 2009.
- New hires in construction in Los Angeles County fell nearly 50 percent from the second quarter of 2006 through the second quarter of 2009.

Exhibit 10: Construction Employment and New Hires, Los Angeles County, 2d QTR 2006 Thru 2d QTR 2009

	2006	2007	2008	2009
Total Employment	154,682	158,028	149,513	117,382
New Hires	36,557	38,732	29,143	19,406

Source: Quarterly Workforce Indicators (QWI) Census Bureau

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

- These unemployment percentages are “u3” unemployment rates, the standard unemployment rates regularly reported in the media. These figures do not count: people who have stopped looking for work or who can’t find full-time jobs, groups which are included in the “u6” unemployment rate.
- There is no current u6 data for Los Angeles County. However, for the state of California, the u3 unemployment rate was 11.7 percent, while the u6 unemployment rate was 21.7 percent (for the second quarter of 2009 through first quarter of 2010 averages); a full 10 percent higher.

Source: Bureau of Labor Statistics, Alternative Measures of Labor Underutilization for States

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

- The relevance of this distinction can be seen in the recent decline in labor force participation in Los Angeles County.

Exhibit 11: Change in Labor Force Participation, Los Angeles County, 2006-2009

Year	Labor Force	Percent Change
2009	4,896,067	-0.6%
2008	4,924,529	1.2%
2007	4,863,806	1.4%
2006	4,797,429	1.3%

Source: American Community Survey.

- The labor force is made up of those individuals of working age who are working or seeking work.

OVERVIEW OF LOS ANGELES COUNTY UNEMPLOYMENT

Conclusions

- Recent growth in unemployment in Los Angeles County has been significant, and is large when compared to other large counties across the country.
- Overall job growth and job growth in construction for Los Angeles County has been negative and at the bottom of the five counties in the Los Angeles MSA.
- There are many areas with very high unemployment in Los Angeles County.
- The Los Angeles County unemployment rate understates the problem of joblessness as people have become underemployed, or become discouraged, leaving the labor force.

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

- Possible choices that were considered:
 - ▶ High unemployment ZIP codes (as used in other Los Angeles County programs).
 - ▶ Federally designated target areas:
 - Labor surplus areas (cities).
 - U.S. Housing and Urban Development (HUD) qualified census tracts.
 - Bank Enterprise Award (BEA) distressed community (census tracts).

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

The County decided on the use of ZIP codes as opposed to cities and census tracts to define target areas because:

➤ **Cities:**

- ▶ Cities do not cover unincorporated areas.
- ▶ In some cases use of cities is overly broad, for example, including all of the City of Los Angeles.

➤ **Census tracts:**

- ▶ Census tracts are too small and narrowly defined.
- ▶ There is an administrative difficulty of allocating prospective employees to census tracts.
- ▶ Some data is not available at the census tract level, for instance, foreclosures.

➤ **ZIP codes:**

- ▶ Contractors have become accustomed to the use of ZIP codes in the other local worker hiring programs in Los Angeles County.

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

- Federally designated areas:
 - ▶ Most federally designated areas are based on census tracts which are too hard to work with and too narrow in application.
 - ▶ However, the 5-mile radius is overwhelmingly in BEA distressed community census tracts.
- Labor surplus areas are based on cities and not ZIP codes. However, the list of selected ZIP codes ultimately selected have unemployment rates that meet or exceed 120% of the national unemployment rate, and thus meet the definition of a labor surplus area.

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

The County decided on ZIP codes within a 5-mile radius of the hospital and ZIP codes that had an unemployment rate that exceeded 150% of Los Angeles County average unemployment rate:

- Unemployment data from the California Economic Development Department.
- 150 percent criteria used in other local worker hiring programs.
- Other local hiring programs were consulted in designing the program.
- There was some dispersion of ZIP codes around the County.

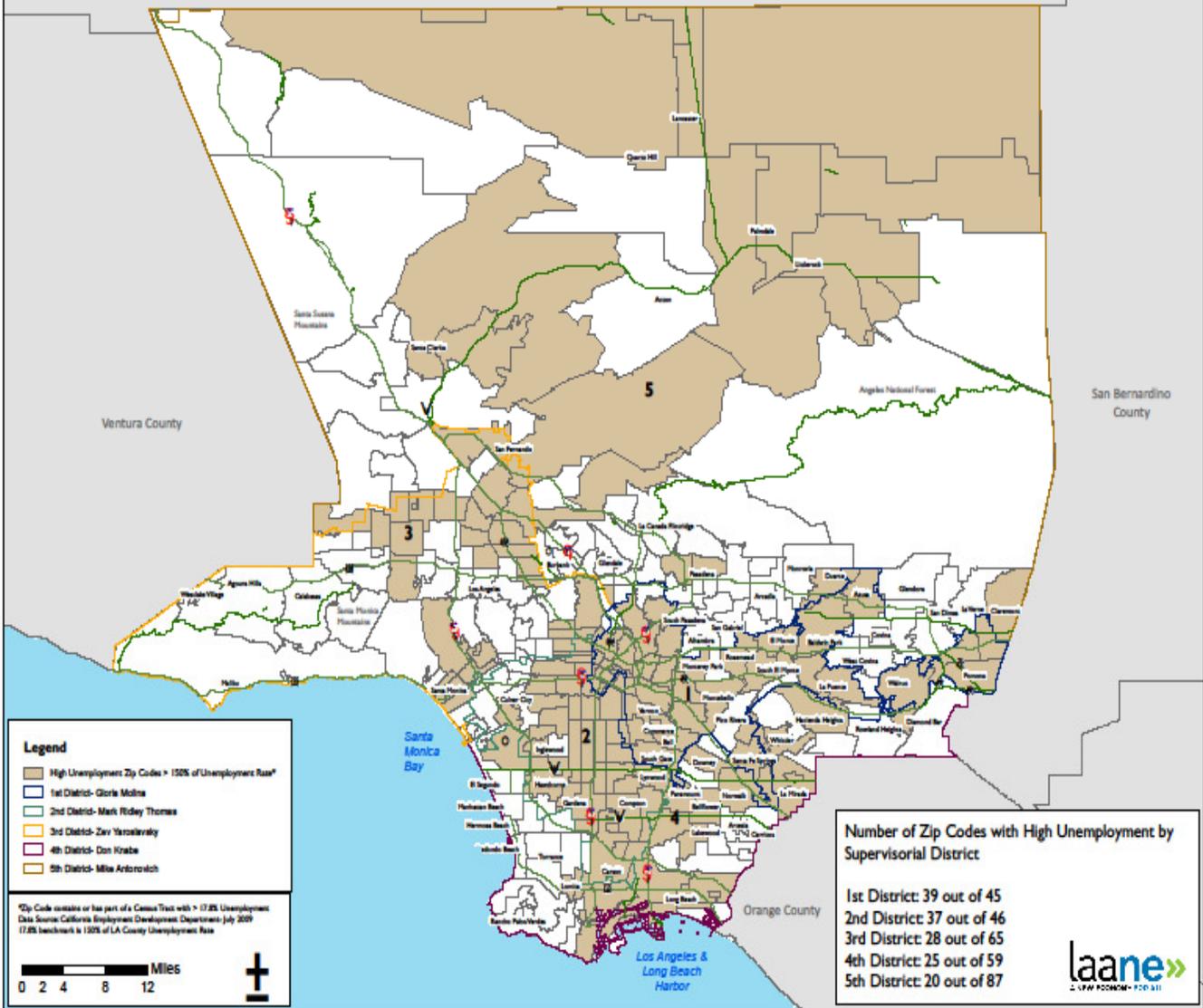
The selected list of ZIP codes is in **Appendices A and B.**

A map of selected areas is found below.

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

Unemployment in Los Angeles County

Construction Careers Project



SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

DATA SUPPORTING THE CHOICE OF SELECTED ZIP CODES

Poverty And Income Levels

The poverty rate for families is higher and per capita income is lower in the selected ZIP codes than in the County as a whole. The differences in poverty rate and per capita income are even greater between the 5-mile radius of the Medical Center and Los Angeles County as a whole.

Exhibit 12: Comparison of Family Poverty and Per Capita Income, 2009

	MLK 5-Mile Radius	150 Percent ZIP Codes	Los Angeles County
Poverty Rate For Families,	24.1%	19.5%	14.7%
Average Per Capita Income	\$14,339	\$19,228	\$27,264

Source: Census, Claritas

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

DATA SUPPORTING THE CHOICE OF SELECTED ZIP CODES

Earned Income Tax Credit

Of the ZIP codes within a 5-mile radius of the Medical Center, 76 percent had 30 percent or more of their residents receiving Earned Income Tax Credits (a measure of the working poor), as compared with 29.2 percent of the selected ZIP codes, and 14.3 percent of the ZIP codes in the County as a whole (Exhibit 13 below).

Exhibit 13: Percent of Zip Codes with Income Tax Returns with Earned Income Tax Credit Claims, 2006

Percent of Zip Codes Within a 5-Mile Radius	Percent of Zip Codes within 150 Percent ZIP Codes	Los Angeles County	Percent Of Returns Receiving Earned Income Tax Credit
16.0%	5.1%	2.5%	40-50%
60.0%	24.1%	11.8%	30-39%
16.0%	42.3%	25.8%	20-29%
8.0%	19.0%	27.6%	10-19%
0.0%	9.5%	32.3%	0-9%

Source: Brookings Institution, MGT of America, Inc.

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

DATA SUPPORTING THE CHOICE OF SELECTED ZIP CODES

Foreclosures

Over 55.3 percent of foreclosures in Los Angeles County are within the selected ZIP codes. Nearly 22 percent of all foreclosures in the County in 2009 were in eight ZIP codes amongst the selected ZIP codes (all but one of which was outside of the 5 miles radius of the Medical Center).

Exhibit 14: Foreclosures in Selected Zip Codes, 2009

	Foreclosures	Percent
Within a 5-Mile Radius	4,138	14.0%
150 Percent ZIP Codes	16,408	55.3%
Los Angeles County	29,645	

Source: RAND, *California Housing Foreclosure Statistics*, MGT of America, Inc.

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

DATA SUPPORTING THE CHOICE OF SELECTED ZIP CODES

Los Angeles County Social Spending In Selected ZIP Codes

Los Angeles County spends almost a third of its public assistance funds on the communities within the 5-mile radius around the Medical Center, and nearly 90 percent of its public assistance spending in the selected high unemployment ZIP codes.

Exhibit 15: Los Angeles County Social Expenditures in Selected ZIP Codes, 2010

Area	CalWORKs	General Relief	Food Stamps
5-Mile Radius	29.2%	32.5%	28.7%
150 Percent ZIP Codes	87.0%	88.9%	86.7%

Source: Los Angeles County, MGT of America, Inc.

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

DATA SUPPORTING THE CHOICE OF SELECTED ZIP CODES

BEA Distressed Communities

The map below shows the distribution of BEA distressed communities in relation to a 5-mile radius of the Medical Center. The map below indicates that most of the 5-mile radius of the Medical Center is a BEA distressed community.

BEA Distressed Communities are defined as census tracts with:

- At least 30 percent of the population living in poverty, and
- Unemployment rate at least 1.5 times the national average.

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM



Map of Custom Region (null) with BEA Distressed Communities, as of 2008.
 1720 E 120th St, Los Angeles, CA 90059

BEA Distressed Communities, as of 2008.

The map is shaded to reflect where Census tracts fully or partially meet criteria to be considered a Bank Enterprise Award (BEA) Distressed Community, as of 2008. Areas that are fully qualified meet the population, poverty, and unemployment criteria. Partially qualified areas meet some but not all of the criteria, but can qualify if they are aggregated with a contiguous, fully qualifying tract. Unshaded areas of the map are not qualified. Census tracts having insufficient data appear as grey in the map.

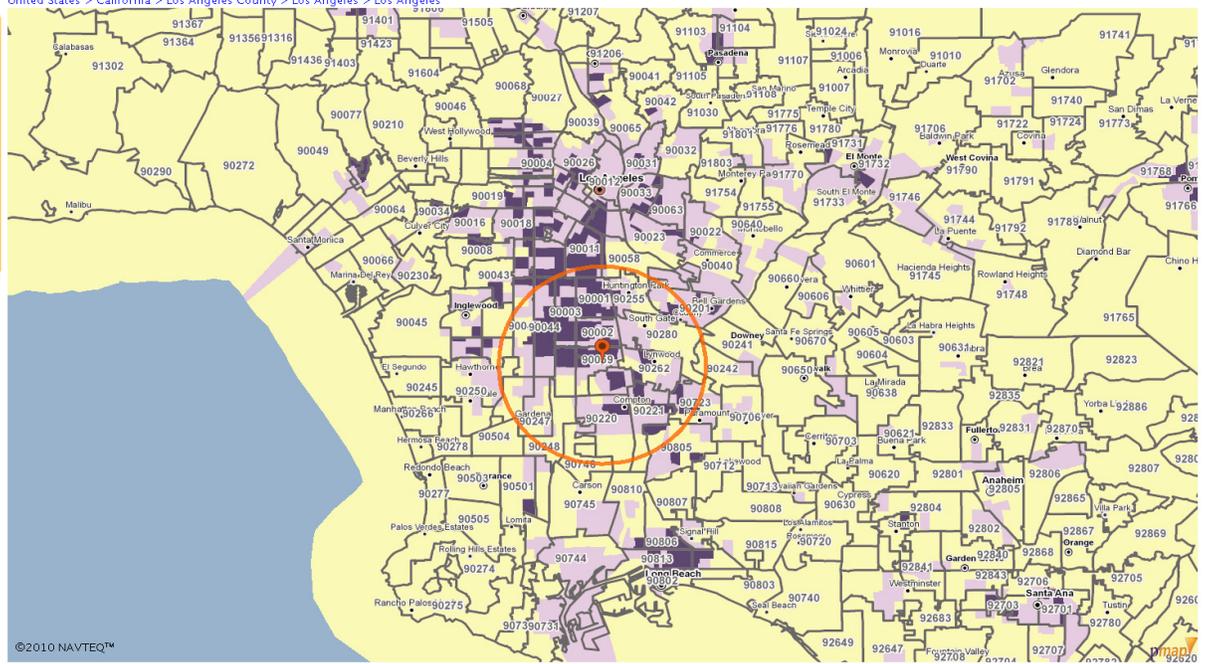
United States > California > Los Angeles County > Los Angeles > Los Angeles

Legend

Year
2008

- Insufficient Data
- Distressed Community (Complete)
- Distressed Community (Partial)
- Not a Distressed Community

Shaded by: Census Tract
 Source: CDFI Fund, US Dept of Housing and Urban Development



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SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

DATA SUPPORTING THE CHOICE OF SELECTED ZIP CODES

ZIP Codes Selected By Other Local Hiring Programs

The selected ZIP codes for the County of Los Angeles area are substantially similar as those ZIP codes selected for city of Los Angeles local worker hiring programs in the past. The differences in ZIP codes are listed in the **Appendix C.**

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

RECRUITMENT FIRMS FOR SELECTED AREAS

There are at least a dozen organizations that have been qualified to provide construction jobs coordination to other local hiring programs (**Exhibit 16**).

Exhibit 16: Firms Qualified to Provide Construction Jobs Coordination to Other Local Hiring Programs

Alameda Corridor Jobs Coalition	Playa Vista Job Opportunities and Business Services
Century Community Training	SGI Construction Management
Arbor Education and Training	The Solis Group
Chicana Service Action Center	UAW Labor and Employment and Training Corp.
Community Career Development	United Job Creation Council
Goodwill	Westlake WorkSource Center
Managed Career Solutions	

Source: Community Redevelopment Agency of the City of Los Angeles.

SELECTION OF TARGET AREAS FOR LOCAL WORKER HIRING PROGRAM

CONCLUSIONS

Unemployment, poverty, income levels, County public assistance levels, foreclosure levels, Earned Income Tax Credit evidence, federally designated disadvantaged areas and past experience of other local worker hiring programs provide a rational basis for focusing the County local worker hiring program on ZIP codes within a 5-mile radius of the Medical Center and the other selected ZIP codes.

HIRING DISADVANTAGED INDIVIDUALS

HIRING DISADVANTAGED INDIVIDUALS

DEFINING DISADVANTAGED INDIVIDUALS

Community Redevelopment Agency of Los Angeles definition:

- Has household income less than 50% of the area median income (AMI), or has one of the following barriers to employment:
 - ▶ Is homeless;
 - ▶ Is a custodial single parent;
 - ▶ Receives public assistance;
 - ▶ Lacks a GED or high school diploma;
 - ▶ Has history of involvement with criminal justice system; or
 - ▶ Suffers from chronic unemployment.

(Source: CRA/LA Construction Careers and project Stabilization Policy, Revised 11/19/2008)

- Other definitions have included:
 - ▶ Lacks English language and literacy skills; and
 - ▶ Has a record of substance abuse.

HIRING DISADVANTAGED INDIVIDUALS

DATA ON DISADVANTAGED INDIVIDUALS IN LOS ANGELES COUNTY

This section presents data on the following:

- Poverty and low income
- Single-parent households
- Homelessness
- Welfare recipients
- Substance abuse
- High school drop outs
- High school completion
- English language and literacy skills
- Experience in the criminal justice system
- *American Recovery and Reinvestment Act of 2009*

HIRING DISADVANTAGED INDIVIDUALS

POVERTY AND LOW INCOME

Los Angeles County has the highest percentage of people in poverty in the Los Angeles MSA.

Exhibit 17: Individuals Below the Poverty Level in the Los Angeles MSA, 2006-08

County	Percent in Poverty
Los Angeles	15.1%
Orange	9.5%
Ventura	8.7%
San Bernadino	13.4%
Riverside	12.2%
California	12.9%

Source: American Community Survey, 2006-08.

HIRING DISADVANTAGED INDIVIDUALS

POVERTY AND LOW INCOME

Los Angeles County has the highest percentage of people below the Self Sufficiency Standard* amongst the counties in the Los Angeles MSA.

Exhibit 18: Percent of Households Below the Self Sufficiency Standard, Los Angeles MSA, 2007

County	Percent Below Standard in 2007
Los Angeles	36.7%
Orange	30.4%
Ventura	27.7%
San Bernardino	35.8%
Riverside	33.8%
California	31.0%

Source: United Way, *Overlooked and Uncounted* 2009, Appendix C.

* The Self Sufficiency Standard is the amount of income necessary to meet basic needs (including taxes) without public or private assistance.

HIRING DISADVANTAGED INDIVIDUALS

POVERTY AND LOW INCOME

The median income for Los Angeles County was \$48,610, the lowest in the Los Angeles MSA. Los Angeles County also had the highest proportion of the population that was below 50 percent of the median income of Los Angeles County (about \$24,000) for the Los Angeles MSA .

Exhibit 19: Median Income, Percent Below 50% of Los Angeles County Median Income, Los Angeles MSA, 2006-08

County	Median Income	Percent Below 50% of LA County Median
Los Angeles County	\$ 48,610	26.9%
Riverside County	\$ 58,168	19.4%
San Bernardino County	\$ 56,575	19.6%
Orange County	\$ 75,176	13.9%
Ventura County	\$ 76,269	13.8%

Source: American Community Survey, 2006-08.

HIRING DISADVANTAGED INDIVIDUALS

SINGLE-PARENT HOUSEHOLDS

Los Angeles County has the second highest percentage of single-parent households in the Los Angeles MSA.

Exhibit 20: Total Single Parent Households, Los Angeles MSA, 2006-08

County	Number of Single-Parent Households	Percent
Los Angeles County	144,199	11.3%
Riverside County	68,393	10.6%
San Bernardino County	73,978	12.6%
Orange County	78,485	8.1%
Ventura County	22,856	8.9%
California	1,219,362	10.0%

Source: American Community Survey, 2006-08.

HIRING DISADVANTAGED INDIVIDUALS

HOMELESSNESS

Los Angeles County provides services for a large number of the homeless.

Exhibit 21: Cases and Persons Receiving Homeless Services

	Cases	Persons
Los Angeles County, March 2010	49,997	50,078

Source: Los Angeles County, 2010 .

The largest concentration of homeless in Los Angeles County is in the Supervisorial District where the Medical Center is located.

Exhibit 22: Homeless Count, By Supervisor District, Los Angeles County, 2005

	Percent	Number of Homeless
City of Los Angeles	54.40%	48,060
Los Angeles County (excluding City of LA)	45.60%	40,285
Total	100.00%	88,345
District 1	23.60%	20,849
District 2	30.40%	26,857
District 3	18.80%	16,609
District 4	13.70%	12,103
District 5	13.50%	11,927
Total	100.00%	88,345

Source: Shelter Partnership.

HIRING DISADVANTAGED INDIVIDUALS

WELFARE RECIPIENTS

Almost 60 percent of welfare recipients and almost 58 percent of food stamp recipients in the five county Los Angeles MSA live in Los Angeles County.

Exhibit 23: Public Assistance Recipients, 16 Years and Older, Los Angeles MSA, 2009

County	CalWORKs, Welfare to Work	Food Stamps
Los Angeles County	120,190	770,543
Riverside County	25,160	163,851
San Bernardino County	34,440	236,541
Orange County	16,570	121,945
Ventura County	5,290	46,319
TOTAL	201,650	1,339,199

Source: California Department of Social Services, in California EDD Planning Information Packets.

HIRING DISADVANTAGED INDIVIDUALS

SUBSTANCE ABUSE

Exhibit 24: Participants in Los Angeles County Substance Abuse Programs FY 04-05 through FY 07-08

Treatment Placement*	20,265	
	Number of Participants	Percent
SPA 1 (Antelope Valley)	992	4.90%
SPA 2 (San Fernando Valley)	2,839	14.01%
SPA 3 (San Gabriel Valley)	4,518	22.29%
SPA 4 (Metro)	1,955	9.65%
SPA 5 (West)	761	3.76%
SPA 6 (South)	2,661	13.13%
SPA 7 (Southeast)	2,919	14.40%
SPA 8 (Harbour/Long Beach)	3,315	17.28%

*Includes active participants from previous fiscal years.

Source: Los Angeles County Department of Public Health, *Proposition 36 Annual Report 2006-08*.

HIRING DISADVANTAGED INDIVIDUALS

HIGH SCHOOL DROP OUTS

Exhibit 25: Los Angeles County, Drop Out Rate, 2007-08

	Grade 9-12 Dropout Total	Grade 9-12 Enrollment	Grade 9-12 4-year Derived Dropout Rate	Grade 9-12 1-year Dropout Rate
County Total	20,586	531,295	15.40%	3.90%
Statewide	78,369	2,015,720	15.30%	3.90%

Source: California Department of Education, Educational Demographics Office.

HIRING DISADVANTAGED INDIVIDUALS

HIGH SCHOOL COMPLETION

Los Angeles County has a significant population with less than a 9th grade education.

Exhibit 26: Educational Attainment, Los Angeles County, 2006-08

	Number of People	Percent
Population 25 years and over	6,229,170	
Less than 9th grade	881,380	14.1%
9th to 12th grade, no diploma	660,255	10.6%
Percent high school graduate or higher	4,687,535	75.3%

Source: American Community Survey, 2006-08.

HIRING DISADVANTAGED INDIVIDUALS

HIGH SCHOOL COMPLETION

Los Angeles County has the lowest percentage of the population having a high school degree or better in the Los Angeles MSA.

Exhibit 27: Percent High School Graduate or Higher, Los Angeles MSA, 2006-08

County	Percent
Los Angeles County	75.3%
San Bernardino County	77.3%
Riverside County	78.6%
Ventura County	82.1%
Orange County	82.5%
California	80.2%

Source: American Community Survey, 2006-08 .

HIRING DISADVANTAGED INDIVIDUALS

ENGLISH LANGUAGE AND LITERACY SKILLS

Los Angeles County has the highest percentage of the population in the Los Angeles MSA that are “linguistically isolated” (**Exhibit 28**).

Linguistic isolation is defined as a household “in which no member 14 years and over (1) speaks only English or (2) speaks a non-English language and speaks English ‘very well.’ In other words, all members of the household 14 years and over have at least some difficulty with English.”

Exhibit 28: Percent Defined as Linguistically Isolated, Los Angeles MSA, 2006-08

County	Percent
Los Angeles County	15.9%
Riverside County	9.1%
San Bernardino County	9.3%
Orange County	10.3%
Ventura County	7.5%

Source: American Community Survey, 2006-08.

HIRING DISADVANTAGED INDIVIDUALS

EXPERIENCE IN THE CRIMINAL JUSTICE SYSTEM

About one third of those incarcerated in the state of California live in Los Angeles County. Nearly 62 percent of those incarcerated in the Los Angeles MSA live in Los Angeles County.

Exhibit 29: Institution Population by County of Commitment, 2008

County	Number of Incarcerated	Percent of State Institution Population
Los Angeles County	56,574	33.2%
Riverside County	11,113	6.5%
San Bernardino County	12,616	7.4%
Orange County	9,448	5.5%
Ventura County	2,273	1.3%
California	171,161	

Source: CDCR, California Prisoners & Parolees, 2008.

HIRING DISADVANTAGED INDIVIDUALS

EXPERIENCE IN THE CRIMINAL JUSTICE SYSTEM

Almost a quarter of parolees in the state of California live in Los Angeles County. Nearly half of parolees in the Los Angeles MSA live in Los Angeles County.

Exhibit 30: Total Felons Paroled or Re-paroled, 2008

County	Number of Parolees	Percent of State Parolees
Los Angeles County	31,957	23.0%
Riverside County	8,872	6.4%
San Bernardino County	12,163	8.8%
Orange County	10,449	7.5%
Ventura County	2,328	1.7%
California	138,876	

Source: CDCR, California Prisoners & Parolees, 2008.

HIRING DISADVANTAGED INDIVIDUALS

EXPERIENCE IN THE CRIMINAL JUSTICE SYSTEM

About 44 percent of the Adult Probation Active Caseload in the Los Angeles MSA live in Los Angeles County.

Exhibit 31: Adult Probation Active Caseload, Dec. 2008

County	Number of Active Cases
Los Angeles County	61,250
Riverside County	17,330
San Bernardino County	25,420
Orange County	15,610
Ventura County	20,650
Total	140,260

Source: California DOJ, Criminal Justice Statistics Center.

Parolees are concentrated in Los Angeles County. Nearly 12.9 percent of all parolees in the State of California were located in just nine areas in the County in 2006 (**Exhibit 32**).

HIRING DISADVANTAGED INDIVIDUALS

EXPERIENCE IN THE CRIMINAL JUSTICE SYSTEM

All but one of the areas of high concentrations of parolees in the County are areas in the proposed County local worker hiring program (see **Appendix E**).

Exhibit 32: Statewide Clusters of Parolees, Selected Areas of Los Angeles County, 2006

Area	Number	Percent of State Parolees	Cumulative Percent
South Los Angeles	7,908	4.5	4.5
Long Beach	5,131	2.9	7.4
Metro North Los Angeles	2,599	1.5	8.9
Lancaster/Palmdale	1,311	0.7	9.6
El Monte	1,195	0.7	10.3
Pomona/Covina	1,161	0.7	11
La Puente	627	0.4	11.4
Pasadena	320	0.2	11.6
Van Nuys	2,272	1.3	12.9
Total	22,524	12.9	

Source: RAND Corporation, 2009, Table 3.1, 2006 CDCR Data,

HIRING DISADVANTAGED INDIVIDUALS

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Further evidence of disadvantage of Los Angeles County is the fact that Los Angeles County was granted a Recovery Zone Designation for purposes of the *American Recovery And Reinvestment Act Of 2009*.

Criteria:

1. Poverty

- ▶ 18 percent of county residents are below the national poverty threshold.
- ▶ 40 percent of the county residents are below 200% of the national poverty threshold.

2. Foreclosure

- ▶ Foreclosure risk score of 17 out of 20.

3. Unemployment

- ▶ The county's unemployment rate is at least 8 percent, or
- ▶ An increase of 2 percent.

HIRING DISADVANTAGED INDIVIDUALS

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Criteria (Continued)

4. General distress

- ▶ More than half the census tracts with less than 80 percent of the county median income.
- 83 percent of census tracts satisfied one of these four criteria. The remaining 17 percent of census tracts were within the average commute time of the County of 31 minutes.
 - ▶ Most were within 10 miles if wilderness areas were excluded.
- Consequently the whole County deemed a recovery zone for purposes of the Act.
 - ▶ Source: County of Los Angeles, American Recovery and Reinvestment Act of 2009, Recovery Zone Designation, January 26, 2010, pp. 4-5.

HIRING DISADVANTAGED INDIVIDUALS

EXPERIENCE OF LOCAL WORKER HIRING PROGRAMS WITH HIRING DISADVANTAGED INDIVIDUALS

Based on interviews with local worker hiring programs:

- Los Angeles Community College District
 - ▶ The local worker hiring program did not have difficulty in finding candidates to meet disadvantaged criteria.
 - ▶ People placed through the program were successful in performing the work.
 - ▶ There are nonprofits and government organizations in the County that specialize in assisting the job placement of individuals who meet the disadvantaged criteria (including some of the organizations listed on page 51).
- Los Angeles Unified School District
 - ▶ The local worker hiring program did not include disadvantaged individual criteria because of concern over stigmatizing a class of employees.

HIRING DISADVANTAGED INDIVIDUALS

CONCLUSIONS ON DISADVANTAGED INDIVIDUALS

- Los Angeles County has a large population of disadvantaged individuals, using the definition of “disadvantaged” used by most local hiring programs.
- Los Angeles County has either the largest, or one of the largest, populations of disadvantaged individuals in the Los Angeles MSA in all categories of the disadvantaged that were considered.
- There is evidence of concentration of the disadvantaged (for example, the homeless and parolees) in areas covered by the proposed local worker hiring program.

HIRING DISADVANTAGED INDIVIDUALS

CONCLUSIONS ON DISADVANTAGED INDIVIDUALS

- There has been a positive experience in including a disadvantaged worker category in local worker hiring programs.
- The evidence presented in this section above provides a rational basis for including the disadvantaged in the proposed Los Angeles County local worker hiring program.

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

- **Reduced Government Public Assistance in Disadvantaged Areas**
- **Multiplier Effects In Local Communities**
- **Reduced Commuting Costs**

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

REDUCED GOVERNMENT PUBLIC ASSISTANCE IN DISADVANTAGED AREAS

For FY 2009-10, Los Angeles County expenditures for workforce investment, substance abuse, ex-felons, and long-term unemployed programs are estimated to be approximately \$311.5 million.

(Source: Los Angeles County, Special Tabulations)

The concentration of Los Angeles County public assistance spending in the selected ZIP codes has already been described above.

The County has also been heavily involved in foreclosure prevention through the Department of Consumer Affairs (DCA), providing complaint investigation, counseling, and loan modification assistance.

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

REDUCED GOVERNMENT PUBLIC ASSISTANCE IN DISADVANTAGED AREAS

Common sense and the existing statistical evidence support the proposition that unemployment is linked to foreclosures. (see, for example, Kashian and Welsch, 2010 for a survey of the literature).

The concentration of foreclosures within the 5-mile radius and the selected ZIP codes, County spending on foreclosure prevention, and the connection between unemployment and foreclosures, provides another rational basis for targeting hiring within the 5-mile radius of the Medical Center and the selected ZIP Codes.

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

MULTIPLIER EFFECTS IN LOCAL COMMUNITIES

Injection of public spending into an economy has multiplier, or “ripple” effects. The multiplier effects of additional construction spending in Los Angeles County are presented in **Exhibit 33**, below.

The number under output represents the dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the construction industry.

The number under earnings represents the dollar change in earnings that occurs in all industries for each additional dollar of output delivered to final demand by the construction industry.

The number under employment represents the total change in employment that occurs in all industries for each \$1 million of output delivered to final demand by the construction industry.

Thus, each \$1 million of additional construction spending creates 14 additional jobs from “ripple effects”.

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

MULTIPLIER EFFECTS IN LOCAL COMMUNITIES

**Exhibit 33: Multiplier Effects for Construction Spending,
Los Angeles County, 2005**

Output	Earnings	Employment
2.1481	0.5816	13.9733

Source: Regional Input-Output Modeling System II, Regional Economic Analysis Division, Bureau of Economic Analysis, Table 2.5.

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

COMMUTING

By providing a preference for workers living in a 5-mile around the hospital, the Los Angeles County local hiring program will have the additional social benefit of reducing commuting.

There is an extensive body of research on the social costs of commuting and the social benefits of reducing commuting.

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

COMMUTING PATTERNS IN LOS ANGELES COUNTY

In 2006, of workers aged 16 or older in Los Angeles County:

- 72.0% commuted driving alone,
- 11.9% commuted by carpool, and
- 7.0% commuted by public transportation

Mean travel time to work in Los Angeles County was 32 minutes in 2009.

(Source: U.S. Census Bureau)

- Los Angeles-Long Beach-Santa Ana, CA had the highest congestion in the U.S. in 2005.

(Source: Texas Transportation Institute, Urban Mobility Report)

- Hollywood Freeway, in Los Angeles is ranked as the worst commute in the U.S.

(Source: www.thedailybeast.com)

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

LOS ANGELES COUNTY COMMUTING POLICY

Los Angeles County has a policy of making good faith efforts to reducing commuting, consistent with requirements of the South Coast Air Quality Management District (SCAQMD).

(South Coast Air Quality Management District, Rule 2202)

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

COMMUTING COSTS

Direct Driver costs = \$0.96 per vehicle mile

Composed of:

- Travel Time,
- Residential Parking Maintenance and Tires,
- Fuel (based on prices on May 4, 2010),
- Depreciation,
- Finance Charge, Fixed costs, Taxes,
- Parking and Tolls,
- Accidents.

(Source: Santa Cruz County Regional Transportation Commission)

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

COMMUTING COSTS

Indirect Driver costs = \$0.39 per vehicle mile

Composed of:

- **Roadway Land Value, Water Pollution and Hydrologic Impacts, Waste Disposal,**
- **Transportation Diversity and Equity Parking,**
- **Noise,**
- **Barrier Effects on Pedestrians and Bicycles Road,**
- **State and Local Construction,**
- **Land Use Impact Costs Improvements and Repair.**

(Source: Santa Cruz County Regional Transportation Commission)

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

COMMUTING COSTS

**Indirect Driver costs = \$0.39 per vehicle mile
(continued)**

Composed of:

- **State and Local Highway Maintenance and Operations,**
- **Air Pollution,**
- **External Resource Consumption Costs,**
- **CO2 Reduction,**
- **Accidents,**
- **Congestion Costs.**

(Source: Santa Cruz County Regional Transportation Commission)

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

COMMUTING COSTS

Note that in the estimates of indirect costs are the following costs:

- Noise: **1.1¢ per vehicle mile**
- CO2 Reduction: **0.6¢ per vehicle mile**
- Air Pollution: **4.0¢ per vehicle mile**

(Source: Santa Cruz County Regional Transportation Commission)

These estimates of direct and indirect costs can be used to estimate social cost savings of reduced commuting.

For example, if 100 workers drive 15 miles less per day than they otherwise would for one year, then the social savings is: \$506,250.

SOCIAL BENEFITS OF A LOCAL WORKER HIRING PROGRAM

CONCLUSIONS

Reducing commuting is a long standing social policy nationally and for Los Angeles County. The economic and social benefits of reduced commuting are well established in the literature. This section sampled some of the results from this literature to provide another element of the rational basis for the County local worker hiring program for the Medical Center Replacement Project.

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REFERENCES

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APPENDICES

APPENDICES ORGANIZATION

- Appendix A: List of ZIP codes in the Local Worker Hiring Program for Martin Luther King, Jr. Medical Center
- Appendix B: ZIP Codes within a 5-mile radius of the Martin Luther King, Jr. Medical Center
- Appendix C: Differences in the ZIP codes in Los Angeles County and the City of Los Angeles Local Worker Hiring Programs
- Appendix D: Labor Surplus Areas in Los Angeles County
- Appendix E: Clusters of Parolees

**APPENDIX A:
LIST OF ZIP CODES IN THE
LOCAL WORKER HIRING
PROGRAM FOR MARTIN
LUTHER KING, JR. MEDICAL
CENTER**

APPENDIX A: LIST OF ZIP CODES IN THE LOCAL WORKER HIRING PROGRAM FOR THE MARTIN LUTHER KING, JR. MEDICAL CENTER

USPS ZIP Code	CITY	USPS ZIP Code	CITY
90001	LOS ANGELES	90027	LOS ANGELES
90002	LOS ANGELES	90028	LOS ANGELES
90003	LOS ANGELES	90029	LOS ANGELES
90004	LOS ANGELES	90031	LOS ANGELES
90005	LOS ANGELES	90032	LOS ANGELES
90006	LOS ANGELES	90033	LOS ANGELES
90007	LOS ANGELES	90037	LOS ANGELES
90008	LOS ANGELES	90038	LOS ANGELES
90011	LOS ANGELES	90040	LOS ANGELES
90012	LOS ANGELES	90042	LOS ANGELES
90013	LOS ANGELES	90043	LOS ANGELES
90014	LOS ANGELES	90044	LOS ANGELES
90015	LOS ANGELES	90045	LOS ANGELES
90016	LOS ANGELES	90047	LOS ANGELES
90017	LOS ANGELES	90049	LOS ANGELES
90018	LOS ANGELES	90057	LOS ANGELES
90019	LOS ANGELES	90058	LOS ANGELES
90020	LOS ANGELES	90059	LOS ANGELES
90021	LOS ANGELES	90061	LOS ANGELES
90022	LOS ANGELES	90062	LOS ANGELES
90023	LOS ANGELES	90063	LOS ANGELES
90024	LOS ANGELES	90065	LOS ANGELES
90025	LOS ANGELES	90071	LOS ANGELES
90026	LOS ANGELES	90073	LOS ANGELES

APPENDIX A: LIST OF ZIP CODES IN THE LOCAL WORKER HIRING PROGRAM FOR THE MARTIN LUTHER KING, JR. MEDICAL CENTER

USPS ZIP Code	CITY	USPS ZIP Code	CITY
90095	LOS ANGELES	90638	LA MIRADA
90201	BELL	90639	LA MIRADA
90220	COMPTON	90640	MONTEBELLO
90221	COMPTON	90650	NORWALK
90222	COMPTON	90670	SANTA FE SPRINGS
90230	CULVER CITY	90706	BELLFLOWER
90241	DOWNEY	90710	HARBOR CITY
90247	GARDENA	90712	LAKEWOOD
90248	GARDENA	90723	PARAMOUNT
90249	GARDENA	90731	SAN PEDRO
90250	HAWTHORNE	90744	WILMINGTON
90255	HUNTINGTON PARK	90745	CARSON
90262	LYNWOOD	90746	CARSON
90270	MAYWOOD	90802	LONG BEACH
90280	SOUTH GATE	90804	LONG BEACH
90301	INGLEWOOD	90805	LONG BEACH
90302	INGLEWOOD	90806	LONG BEACH
90303	INGLEWOOD	90810	LONG BEACH
90304	INGLEWOOD	90813	LONG BEACH
90401	SANTA MONICA	90814	LONG BEACH
90404	SANTA MONICA	90815	LONG BEACH
90602	WHITTIER	90840	LONG BEACH
90605	WHITTIER	91042	TUJUNGA
90606	WHITTIER	91103	PASADENA

APPENDIX A: LIST OF ZIP CODES IN THE LOCAL WORKER HIRING PROGRAM FOR THE MARTIN LUTHER KING, JR. MEDICAL CENTER

USPS ZIP Code	CITY	USPS ZIP Code	CITY
91104	PASADENA	91706	BALDWIN PARK
91204	GLENDALE	91711	CLAREMONT
91304	CANOGA PARK	91731	EL MONTE
91306	WINNETKA	91732	EL MONTE
91324	NORTHRIDGE	91733	SOUTH EL MONTE
91325	NORTHRIDGE	91744	LA PUENTE
91330	NORTHRIDGE	91745	HACIENDA HEIGHTS
91331	PACOIMA	91746	LA PUENTE
91335	RESEDA	91748	ROWLAND HEIGHTS
91342	SYLMAR	91754	MONTEREY PARK
91343	NORTH HILLS	91766	POMONA
91351	SANTA CLARITA	91767	POMONA
91352	SUN VALLEY	91768	POMONA
91401	VAN NUYS	91770	ROSEMEAD
91402	PANORAMA CITY	91789	WALNUT
91405	VAN NUYS	93534	LANCASTER
91406	VAN NUYS	93535	LANCASTER
91601	NORTH HOLLYWOOD	93536	LANCASTER
91602	NORTH HOLLYWOOD	93543	LITTLEROCK
91605	NORTH HOLLYWOOD	93550	PALMDALE
91606	NORTH HOLLYWOOD	93552	PALMDALE
91702	AZUSA	93591	PALMDALE

**APPENDIX B:
LIST OF ZIP CODES WITHIN A
5-MILE RADIUS OF THE
MARTIN LUTHER KING, JR.
MEDICAL CENTER**

APPENDIX B: ZIP CODES WITHIN A 5-MILE RADIUS OF THE MARTIN LUTHER KING, JR. MEDICAL CENTER

USPS ZIP Code	CITY	USPS ZIP Code	CITY
90001	LOS ANGELES	90247	GARDENA
90002	LOS ANGELES	90248	GARDENA
90003	LOS ANGELES	90249	GARDENA
90011	LOS ANGELES	90250	HAWTHORNE
90044	LOS ANGELES	90255	HUNTINGTON PARK
90047	LOS ANGELES	90262	LYNWOOD
90058	LOS ANGELES	90270	MAYWOOD
90059	LOS ANGELES	90280	SOUTH GATE
90061	LOS ANGELES	90303	INGLEWOOD
90201	BELL	90305	INGLEWOOD
90220	COMPTON	90504	TORRANCE
90221	COMPTON	90723	PARAMOUNT
90222	COMPTON	90746	CARSON
90241	DOWNEY	90805	LONG BEACH
90242	DOWNEY		

**APPENDIX C:
DIFFERENCES IN THE LIST
OF ZIP CODES IN THE LOS
ANGELES COUNTY AND THE
CITY OF LOS ANGELES LOCAL
WORKER HIRING
PROGRAMS**

APPENDIX C: DIFFERENCES IN THE LIST OF ZIP CODES IN THE LOS ANGELES COUNTY AND THE CITY OF LOS ANGELES LOCAL WORKER HIRING PROGRAMS

The proposed Los Angeles County program contains three ZIP codes that were not in the City of Los Angeles program, and omits five ZIP codes that were in the City of Los Angeles program. Sixty-four ZIP codes are the same between the two programs.

Additional ZIP Codes in Los Angeles County Program	Deleted ZIP Codes in Los Angeles County Program
90025	90066
91324	90068
91325	90089
	91340
	91505

Source: MGT of America, Inc., City of Los Angeles, Los Angeles County.

APPENDIX D: LABOR SURPLUS AREAS IN LOS ANGELES COUNTY

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FISCAL YEAR 2010 LABOR SURPLUS AREA* LIST

Los Angeles County	
Inglewood	<i>Montebello</i>
La Puente	<i>Monterey Park</i>
<i>Lancaster</i>	<i>Norwalk</i>
<i>Long Beach</i>	<i>Palmdale</i>
Los Angeles	Paramount
Lynwood	Pomona
Maywood	South Gate

Source: U.S . Department of Labor.
 Note: Italics indicate the community is new to the 2010 list.

* A civil jurisdiction is classified as a **labor surplus area** when its average unemployment rate was at least 20 percent above the average unemployment rate for all states, the District of Columbia, and Puerto Rico during the previous two calendar years.

APPENDIX E: CLUSTER OF PAROLEES

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This is a list of areas covered by high unemployment ZIP codes (except for areas in *italics*). Areas in bold are high concentrations of parolees.

Los Angeles County, 2006			
AZUSA	CLAREMONT	EL MONTE	HUNTINGTON PARK
BALDWIN PARK	COMPTON	GARDENA	INGLEWOOD
BELL	COVINA	GLENDALE	LA MIRADA
BELLFLOWER	WEST COVINA	HACIENDA HEIGHTS	LA PUENTE
CANOGA PARK	CULVER CITY	HARBOR CITY	LAKESWOOD
CARSON	DOWNEY	HAWTHORNE	LANCASTER

Source: RAND Corporation, Rand Corporation, Understanding The Health Implications Of Prisoner Reentry In California, Phase I Report, 2006.

APPENDIX E: CLUSTERS OF PAROLEES

Los Angeles County, 2006 (Continued)

LITTLEROCK	NORTH HOLLYWOOD	RESEDA	SUN VALLEY
LONG BCH	NORTHRIDGE	ROSEMEAD	SYLMAR
SOUTH LOS ANGELES	NORWALK	ROWLAND HEIGHTS	TUJUNGA
SOUTHEAST LOS ANGELES	PACOIMA	SAN PEDRO	VAN NUYS
LYNWOOD	PALMDALE	SANTA CLARITA	WALNUT
MAYWOOD	PANORAMA CITY	SANTA FE SPRINGS	WEST HOLLYWOOD
MONTEBELLO	PARAMOUNT	SANTA MONICA	WHITTIER
MONTEREY PARK	PASADENA	SOUTH EL MONTE	WILMINGTON
NORTH HILLS	POMONA	SOUTH GATE	WINNETKA

Source: RAND Corporation, Rand Corporation, Understanding The Health Implications Of Prisoner Reentry In California, Phase I Report, 2006.